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State 1st to require some sun power

By Max Jarman
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Arizona has become the first state to order utilities to produce a certain percentage of their electricity from solar sources, a move that puts it at the forefront of the clean-energy movement and could revive Arizona's lagging solar industry.

The Corporation Commission on Wednesday unanimously approved a measure that will require utilities and other electricity providers to derive a portion of their product from solar and other renewable resources.

Although 27 other states have such mandated portfolios, Arizona is the first to require that solar energy make up a specific portion of the mix.

The measure is being hailed by solar groups as a godsend that will jump-start their businesses. Environmentalists call it one of the best things to ever happen to electricity generation in Arizona.

"It's exactly what this industry has been crying for," said Bud Annan, chairman of the Arizona Clean Industries Alliance, a loose organization of about 45 solar-related businesses.

Under the Solar and Environmentally Friendly Portfolio Standard, electricity providers will have to derive 1.1 percent of their total product from renewable resources by 2007.

They must begin implementing the program this year to achieve a mandated four-tenths of 1 percent by Jan. 1. For Arizona Public Service Co., that would be about 22 megawatts, or enough electricity for 1,100 homes.

Furthermore, the companies must derive at least 50 percent of their renewable power from solar-generating facilities. The remainder can come from such sources as landfill gas, wind and biomass generators.

Wednesday's action does not affect the quasipublic Salt River Project, which is not governed by the Corporation Commission. The SRP is developing an alternative-energy program.

The cost of the solar power, which the utilities say is 10 times that of conventionally generated electricity, will be paid for, in part, by per-month surcharges, the maximums of which are 35 cents for residential electric bills and a \$13-per-meter charge for most businesses. The largest businesses will pay \$39 per month more. Other funds will come from a systems benefit charge, which customers are now paying for consumer-education programs.

Those charges are projected to raise \$15 million to \$20 million a year for APS and Tucson Electric Power.

Opponents of the measure, which include APS and Tucson Electric Power, Phelps Dodge, Asarco and the Residential Utility Consumer Office, argued that the requirement will create an undue financial burden on utilities, which will result in higher rates for consumers and businesses.

Proponents, which include the Grand Canyon Trust, Sierra Club, Tucson and the solar industry, argued that national surveys show a majority of consumers are willing to forgo a 5 percent reduction in electric rates to be able to select power from renewable resources. And they note the measure will help offset the impact of the 13 gas-fired power plants planned for the state.

"It's a very progressive move and demonstrates some real leadership on the part of the commission," said Rick Gillian, technical adviser for the Land and Water Fund of the Rockies.

APS says its Solar Partners program, which charges customers a premium for power generated from small solar plants in Tempe and Flagstaff, has been a tremendous success. It has more customers than available product.

Ed Fox, APS' vice president of environmental resources, said, "The problem (with the order) is that it will raise electric rates, and that is inconsistent with the (deregulation) settlement we reached with the commission last fall. We had to oppose it."

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